

Message Text

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ACTION AGR-20

INFO OCT-01 EUR-25 ISO-00 EB-11 COME-00 TRSE-00 CIAE-00

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DEPARTMENT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, GW

SUBJECT: GERMAN VIEWS ON PROPOSED SOYBEAN CAP

REF: (A) EC BRUSSELS 5473; (B) EC BRUSSELS 5501;

(C) STATE 194296

1. BEGIN SUMMARY. MINAG REACTION TO THE PROPOSALS AIM-
ING AT AN IMPROVEMENT IN THE COMMUNITY'S PROTEIN SUPPLY
APPEARS TO BE NEUTRAL. MINAG ARGUES THAT THE IMPACT OF A
SOYBEAN CAP WILL NOT SIGNIFICANTLY INCREASE FRENCH
PRODUCTION AND WILL BE TRADE NEUTRAL. THEREFORE, THERE
WOULD BE NO INCREASE IN SOYBEAN PRICES, WHICH IS
THE FRG CONCERN. WE ARGUED THAT BOTH SHORT IMPACT WOULD
BE DETRIMENTAL TO U.S. EFFORTS TO ENCOURAGE INCREASED
SOYBEAN PRODUCTION AND IN THE LONGER RUN CREATE A
DANGEROUS PRECEDENT FOR FURTHER RESTRICTIVE ACTIONS BY
THE COMMUNITY. END SUMMARY.

2. ON SEPT. 27, AGATTACHE AND AGMIN OFFICIALS MET TO
ASCERTAIN THE POSSIBILITY, TIMING AND THE GERMAN GOVERN-
MENT'S POSITION CONCERNING THE PROPOSED CAP FOR PROTEIN
RICH CROPS, ESPECIALLY SOYBEANS.

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3. MINAG OFFICIALS INDICATED THE STUDY BY COMMISSION EXPERTS CONCERNING THE FEED PROTEIN BALANCE IN THE COMMUNITY WILL BE COMPLETED IN EARLY NOVEMBER. THE COMMISSION WILL THEN MAKE THEIR RECOMMENDATIONS ON A SOYBEAN CAP TO THE COUNCIL.

4. POSITION OF MINAG APPEARS TO BE NEUTRAL AT THIS TIME. THEY REASON THAT WHILE A CAP WILL ENCOURAGE FRENCH SOYBEAN PRODUCTION, FRENCH PRODUCTION CAPABILITIES ARE LIMITED. FURTHER, THEY ENVISAGE A CAP SIMILAR TO THE PRESENT RAPESEED CAP, WHICH THEY MAINTAIN DOES NOT INHIBIT TRADE.

5. WE EXPRESSED OUR STRONG CONCERN REGARDING THE GERMAN POSITION. THE LONG RUN IMPACT WOULD BE TO SET A PRECEDENT FOR FURTHER RESTRICTIVE ACTIONS, AS WELL AS INCREASED COMPETITION FROM UNECONOMICAL SOYBEAN PRODUCTION WITHIN THE COMMUNITY. IN THE SHORT RUN WE COULD EXPECT SUCH ACTION TO HAVE A NEGATIVE IMPACT ON THE ADMINISTRATION'S EFFORTS TO EXPAND SOYBEAN PRODUCTION TO MEET THE GROWING INTERNATIONAL DEMAND.

6. THE MINAG OFFICIALS AGREED THAT ANY ACTION WHICH WOULD INCREASE SOYBEAN PRICES WAS NOT IN THEIR INTEREST BUT WERE RELUCTANT TO BECOME TOO INVOLVED IN THE CAP-SOYBEAN ISSUE AT THIS TIME.

7. EMBASSY PLANNING TO MAKE FURTHER APPROPRIATE LEVEL REPRESENTATIONS AS PER INSTRUCTIONS IN REFTEL C. HILLENBRAND

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